

MINUTES
GAMING ADVISORY COUNCIL

July 20, 2007
Helena, Montana

Please note: This is a summary of the Council meeting. The meeting in its entirety is on tape at the Gambling Control Division office at 2550 Prospect Avenue, Helena, Montana. Exhibits are on file in the office of the Gambling Control Division.

COUNCIL MEMBERS PRESENT

Sen. Joe Tropila
Mark Kennedy
Pam Kennedy
John Tooke

Rep. Mark Blasdel
Nick Murnion
Steve Morris
Bob McAnally

DIVISION STAFF PRESENT

Gene Huntington
Al Arvish
Cregg Coughlin
Larry Renman

Rick Ask
Jeff Bryson
Kathy Baertsch

SUMMARY OF COUNCIL ACTION

- ♠ **The Council elected John Tooke Chairman and Pam Kennedy Vice-Chairman.**
- ♣ **The Council agreed that internet gambling, raffles and thermal printers are issues that need further discussion.**
- ♥ **The Council requested that the Division prepare a legal memorandum on the law and related decisions regarding cities' gambling zoning laws.**
- ♦ **The Council suggested that consideration be given to changing the statutory definition of an antique.**
- ♠ **The Council tentatively set the next meeting in Helena on November 2, 2007.**

CALL TO ORDER AND ROLL CALL

John Tooke called the meeting to order at 10 a.m. All members were present except for Tim Carson who was excused. Mr. Tooke acted as chair for the election of a presiding officer. John Tooke was voted chairman by acclamation and Pam Kennedy was voted vice-chairman by acclamation. The minutes from the November 17, 2006 meeting were adopted unanimously. All committee members introduced themselves. Attorney General Mike McGrath addressed the Council. Attorney General McGrath welcomed the new

members to the Council and thanked the Council for all of their hard work and commitment to the Council.

REVIEW OF 2007 GAMBLING LEGISLATION

Gene Huntington summarized the gambling legislation. The revised card game laws include the following provisions: temporary dealers must have potential employment and turn in the application at the GCD office; house players are defined; social card games are not considered gambling; provide for progressive and charitable card tournaments; clarify that casino nights cannot include a poker tournament; and provides a limit of \$2,500 for total buy-in for tournament.

The antique gambling device law provides for a license for other antique devices as well as slot and states that any retail business can sell up to 3 devices without a license. House Joint Resolution 52 provides for an interim legislative committee to update studies of problem gambling and it was not selected as a priority for funding. Mr. Huntington also briefly described other gambling legislation that passed: HB 333 provides for pari-mutuel betting on bronc riding and wild horse races at rodeos; HB 390 authorizes telephone account wagering for horse and dog races with hubs outside of Montana; and HB 616 provides for simulcast fantasy sports leagues under the Board of Horseracing through the simulcast racing system.

LIQUOR LICENSING LEGISLATION

Shauna Helfert, Department of Revenue, summarized the liquor legislation. Ms. Helfert was very pleased that all of the key liquor-related bills that were requested were successfully passed into law. She stated that the main focus during the session was bringing Montana's liquor laws into compliance with the U.S. Constitution's Interstate Commerce Clause. Legislation revised the residency requirement for liquor licenses allowing out-of-state residents to apply for liquor licenses. The legislation also provides the Dept. of Revenue with statutory authority to review a license applicant's funding source to ensure it is legitimate.

Two bills revised wine and beer distribution allowing out of state wineries to become licensed to ship limited amounts of wine directly to a licensed retailer in Montana; likewise, out-of-state breweries will be allowed to "opt-in" to directly distribute product. Both of these bills are effective October 1, 2007. Ms. Helfert explained four other bills that make changes in the Montana Alcoholic Beverage Code including the following: clarification of the jurisdiction of courts; revision of false statement provisions; revise quota lottery liquor license applications and prohibit gambling for a license floated from one area to another; and increase restaurant beer and wine licenses.

HORSERACING LEGISLATION

John Tooke summarized the legislation affecting horseracing. HB 333 was a bill to allow pari-mutuel betting on saddle bronc riding and wild horse races, Mr. Tooke explained that this was his brainchild in an effort to improve the quality of the Miles City Bucking Horse Sale allowing more people to participate in the betting for a lower price than is involved in a Calcutta. HB 390 involved telephone account wagering through which the Board of Horse Racing can enter into agreements with the various providers to be able to secure both a tax revenue for the state and revenue for the Montana racing industry. HB 616 provides for simulcast fantasy sports leagues through the simulcast racing system.

GAMING COMPACT UPDATE

Andy Huff, Attorney, Governor's Office, provided an update on Indian gaming compacts. Mr. Huff told the Council that both the Northern Cheyenne and Fort Belknap Tribes have new compacts in place which authorize the tribes to run 400 video gambling machines each and allow them to offer \$2,000 maximum payouts for Class III poker and keno machines. He stated that negotiations are ongoing with the Crow Tribe. The Confederated Salish and Kootenai Tribes and the Blackfeet continue to operate Class II gambling only, which requires no state compact.

Bob McAnally commented that from his perspective the federal Indian Gaming Regulatory Act is patently unfair to Indian gaming. Mr. McAnally stated that he represents everyone involved in gaming on reservations, not just the tribes.

ISSUES AND DISCUSSION TOPICS

Intrastate Internet Gambling

Mr. Huntington reviewed the paper on internet gambling and the Council agreed that this is an issue that needs to be addressed. Mr. Huntington explained Congress passed the Unlawful Internet Gambling Enforcement Act in the fall of 2006 and that the new legislation restricts credit cards and wire transfers for the purpose of Internet gambling. The legislation made an exception for "Intrastate transactions," includes a requirement that for age verification and determining the geographical location of the online gambler. Mr. Huntington stated that there could be tax, licensing and other regulatory matters that need addressing.

Chairman Tooke stated that he favors keeping gamblers in licensed gambling locations where at least gambling can be taxed and regulated, especially credit gambling.

Rich Miller stated that since there is interest in every form of gambling from other jurisdictions, this will be a "hot button issue" for the Council, he added that problem gambling is a major concern.

Mark Kennedy stated that this is one of the National Council on Problem Gambling's top three greatest areas of concern. He added that it needs to be controlled, taxed and regulated.

Raffles

Mr. Huntington explained the issues that arise with raffles and there was agreement that this would need further discussion. Mr. Tooke suggested that a more easily understood set of raffle rules would aid the county commissioners and give them definite parameters within which to administer the raffle rules. Ms. Kennedy believed that this needs to be addressed, especially considering the example of a state-wide raffle which the county commissioners did not allow.

Problem Gambling

Mr. Huntington stated that people continue to be concerned about problem gambling and that Representative Dickenson is planning on staying involved. Mark Kennedy provided an update from the Montana Council on Problem Gambling. He stated that June was a record month for treatment of problem gamblers: \$7,942 claims in June, 2006; \$11,367 in June, 2007, an increase that can be attributed to family treatment being added. In the year 2000 there were 9 providers treating 110 groups, in 2007 to date there were 34 providers treating 816 groups. There were 210 participants in 2000; and in 2007 to date there have been 1,772 participants. Donna Johnson will be invited to make a presentation at a future meeting.

UPDATE ON GENTAX

Mr. Huntington presented an update on the development of the database. After the next quarter about 5,000 machines will be hooked up to the database.

PUBLIC TESTIMONY

Rich Miller indicated that Mark Ehli is still interested in updating the bingo laws. Mr. Miller also would like to review the process for removing people from licenses when there is a death or a divorce.

Blaine Bowman, Spielo, raised the issue of being able to get impact printers, he believes that the State needs to consider thermal printers. There is only one manufacturer making impact printers now.

Steve Morris requested a review of what cities are doing to zone gambling out of some areas. After some discussion it was decided that a legal memorandum on the law and any related issues would be prepared by the Division.

PROPOSED RULES

Mr. Huntington reviewed the rules that were enacted in June and potential rules to be enacted before the next meeting. Mr. Huntington explained that five temporary dealer licenses have been issued out of Division offices since July 1. There was a discussion of the definition of antiques. It was suggested that consideration be given to changing the statutory definition of antique.

FINAL BUSINESS

The Council tentatively scheduled their next meeting in Helena on November 2, 2007.